

# STATE OF HAWAII

## NOTICE OF SOLE SOURCE

The Chief Procurement Officer is in the process of reviewing the request from the Department of Human Services  
Med-QUEST Division for the sole source purchase of the following goods, services, or construction:

Auditing of the Department of Human Services Pharmacy Benefits Management (PBM) contractor, Affiliated Computer Services (ACS), and assistance with supporting and negotiating the reimbursement of funds by ACS, based on past audit findings.

**Vendor:** Prudent Rx

**Address:** 100 Corporate Pointe, Suite 220  
Culver City, CA 90230

**Term of Contract:**

**From:**

**To:**

**Cost:**

September 7, 2004

June 30, 2005

\$300,000.00

**Direct any inquiries to:** ~~Dona~~ Jean Watanabe  
Department: Human Services/Med-QUEST Division

Phone Number: 692-8116

Contact Name/Title: Lynn Donovan/Pharmacist

Address: 601 Kamokila Boulevard, Room 506B  
Kapolei, Hawaii 96707

Fax Number: 692-8131

Date Notice Posted: 8/31/04

## REQUEST FOR SOLE SOURCE (Cont.)

How the unique features, characteristics, or capabilities are essential for the agency to accomplish its work:

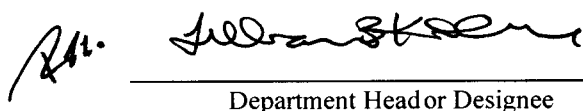
See Attached.

The following other possible sources for the goods, services, or construction were investigated but do not meet our needs because:

See Attached.

Direct questions to: Brian Pang/Lynn Donovan Phone: 692-7956/692-8116

*I certify that the information provided above is to the best of my knowledge, true, correct and that the goods, services, or construction are available through only one source.*

 AUG 27 2004  
Department Head or Designee Date

\_\_\_\_\_  
Title (If other than Department Head)

Chief Procurement Officer's comments:

Please ensure adherence to applicable administrative and statutory requirements.

Expenditure may be processed through a purchase order: Yes ☐ No ☐. If no, a contract must be executed and funds certified.

☐ APPROVED

☐ DISAPPROVED

\_\_\_\_\_  
Chief Procurement Officer

\_\_\_\_\_  
Date

**The goods, services, or construction has the following unique features, characteristics, or capabilities:**

Auditing of PBMs is a unique service as it not only requires accounting and auditing knowledge and skills, but an expertise in pharmacy benefits management including evaluation of clinical services that were contracted. DHS has not been able to find another contractor with the requisite qualifications, performing this kind of service. In fact, there were only two responses to the RFP for the originally awarded contract. Heritage, the winning bidder, is now conflicted out due to its having been purchased by the subject of the audit, ACS PBM. The only other bidder, and the subject of this sole source request is Prudent Rx.

**How the unique features, characteristics, or capabilities are essential for the agency to accomplish its work:**

A recent audit of ACS resulted in a finding of amounts needing to be reimbursed to DHS in excess of \$1 million. It is believed that the same, or similar, finding will be made in the next scheduled audit, which was in progress, but halted, at the time that the audit contractor was purchased by ACS.

ACS continues to act as DHS' PBM. It is imperative that DHS continue in its audit efforts in order to better manage and correct any further unsupported payments to ACS. It is also necessary to have the support of the proposed contractor to assist in the claim for reimbursement from ACS PBM based on the past audit. Heritage, since being purchased by ACS PBM, is not in a position, nor is it willing, to assist in this regard.

**The following other possible sources for the goods, services, or construction were investigated but do not meet our needs because:**

PBM audits are rarely done particularly the clinical programs evaluation portion. Inquiries were made at a recent meeting of National Medicaid Pharmacy Administrators Association and no other PBM auditors were mentioned or known. Also an internet search did not provide an additional options .